



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Notice From Pacific Gas & Electric Company Regarding Application To Reduce PG&E's Electric Rates At the End Of The Electric Rate Freeze

MEETING DATE: April 7, 1999

PREPARED BY: City Clerk

RECOMMENDED ACTION: Information only, no action required.

BACKGROUND INFORMATION: The City Clerk's Office has received a notice from Pacific Gas & Electric Company regarding application to reduce PG&E's electric rates at the end of the electric rate freeze (Exhibit A). This is information only, no Council action is required.

FUNDING: None


Alice M. Reimche
City Clerk

APPROVED: _____

H. Dixon Flynn -- City Manager

EXHIBIT A

Pacific Gas and Electric Company

77 Beale Street
San Francisco, CA
415/973-6583
Telecopier 415/543-7813
Telecopier 415/973-9271

Gail L. Slocum
Attorney at Law

Mailing Address

P.O. Box 7442
San Francisco, CA 94120

March 15, 1999



TO STATE, COUNTY AND CITY OFFICIALS

**NOTICE OF APPLICATION TO DECREASE
ELECTRIC RATES
AT THE END OF THE RATE FREEZE**

Pacific Gas and Electric Company (PG&E) filed Application 99-03-014 on March 5, 1999, at the California Public Utilities Commission (CPUC) to reduce PG&E's electric rates at the end of the electric rate freeze. PG&E is not requesting any revenue requirement changes in this application. But we are seeking CPUC authority for some rate design changes that, if approved after hearings, would mostly happen at the same time as the rate reductions you will see when the electric rate freeze ends. By state law, electric rates have been frozen until March 31, 2002, or the date when certain CPUC-approved transition costs are fully recovered, whichever occurs first.

WHAT WE ARE REQUESTING

We are asking that, at the end of the electric rate freeze, we be allowed to decrease current electric rates. The actual amount of the rate decreases will depend on the outcome of several proceedings before the CPUC and the Federal Energy Regulatory Commission (FERC), that will be decided before the end of the rate freeze. The amount will also depend on the prevailing price of energy at the time these rates go into effect. Although we are not proposing any revenue changes in this application, PG&E is proposing simplifications to, its existing electric rates.

We are also asking that a wires bypass charge and certain flexible pricing rate options be approved that would take effect immediately after CPUC approval. If approved as proposed by PG&E, these new rates will ensure continued lower rates for all of PG&E's customers.

WHY WE ARE ASKING FOR A RATE DECREASE

On January 1, 1998, PG&E's residential and small commercial customers received a 10 percent electric rate decrease. PG&E is now asking for an additional rate decrease for all customer classes. This rate decrease would occur at the end of the rate freeze when

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PG&E will no longer be collecting the CPUC-authorized transition costs related to the restructuring of the electric industry to a competitive generation supply market. Also, PG&E wants to simplify and consolidate its rates to make them easier for customers to understand. Finally, PG&E's proposed rates better reflect the costs to serve different customer classes.

THE EFFECT ON RESIDENTIAL CUSTOMERS

Residential electric customers received an overall 10 percent electric rate decrease on January 1, 1998. PG&E proposes a further rate decrease for residential electric customers in this application. As mentioned above, the actual decrease will depend on several factors. But PG&E estimates that for an average customer who uses 500 kilowatt-hours per month, the average bill would decrease \$6.42 per month, from \$54.64 to \$48.22.

PG&E is also proposing a \$5-per-month electric residential customer charge, called a Basic Charge, that would replace PG&E's current \$5 minimum bill. If the CPUC adopts a Basic Charge, there will be an offsetting reduction in energy charges. However, customers with very low monthly use could see a slight increase in their bill as a result of the Basic Charge.

THE EFFECT ON AGRICULTURAL CUSTOMERS

In this application, PG&E proposes to transfer small and medium agricultural customers to small or medium commercial rate schedules. The commercial rate schedules generally have lower average rates than our current agricultural rate schedules. Large agricultural customers (with loads of more than 100 kilowatts of demand) will be served on a new large agricultural schedule, AG-5.

HOW THE RATE DECREASE WILL BE APPORTIONED

According to established CPUC policies, the overall rate decrease is divided among various customer classes as shown below. The different decreases for various classes reflect the fact that the costs of serving some classes are higher than others. Although average rates will decrease as shown, individual bill impacts may vary.

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Electric Department Projected Revenue Decreases*

Customer Class	Total Revenue Change from Current Rates (thousands)	Decrease from Current Rates	Total Revenue Change from June 10, 1996 Rates (thousands)	Decrease June 10, 1996 Rates
Residential	-327,949	-11	-647,165	-21
Small Light and Power	-122,896	-13	-214,750	-21
Medium Light and Power	-655,972	-37	-659,282	-37
Large Agricultural	-45,615	-32	-45,615	-32
E-19 Class	-159,340	-41	-159,340	-41
E-20 Class				
E-20T	-74,561	-26	-74,561	-26
E-20P	-155,938	-36	-155,938	-36
E-20S	-142,797	-43	-142,797	-43
Contracts	-15,135	-38	-15,135	-38
E-20 Total	-396,421	-34	-396,421	-34
Standby	-2,486	-12	-2,486	-12
Streetlighting	6,175	-14	-6,175	-14
Total Decrease	-1,708,866	-23	-2,132,245	-27

*Note: The actual amount of the rate decreases will depend on the outcome of several proceedings before the CPUC and the FERC that will be decided before the end of the rate freeze, as well as the prevailing price of energy at the time these rates go into effect.

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PUBLIC PARTICIPATION

Before acting on this PG&E application, the CPUC will hold hearings at which PG&E, the CPUC's Office of Ratepayer Advocates, and other interested parties will present testimony. These hearings will be open to the public. The hearings are expected to occur in the fall of 1999.

Participants at these hearings may offer proposals that are different from those of PG&E. After considering the various proposals, the CPUC will issue a decision. Rates adopted by the CPUC may differ from those proposed by PG&E. In addition, actual rates will depend on the outcome of several other proceedings to be decided before the end of the rate freeze.

If you are interested in participating in this proceeding and need advice or more information, including information on the hearings, or if you wish to obtain copies of the Office of Ratepayers Advocate's proposals, when they are available, please write to:

The Public Advisor
California Public Utilities Commission
505 Van Ness Avenue, Room 5303
San Francisco, California 94102

or via electronic mail to:
public.advisor@cpuc.ca.gov

Mention that you are writing about Phase 2 of PG&E's 1999 General Rate Case, Application No. 99-03-014. Please indicate if you would like a written response to your inquiry; otherwise no reply will be sent. Your letter will be sent to the Commissioners and become part of the formal correspondence file for this application.

FOR FURTHER INFORMATION

You may review a copy of our application and related exhibits at PG&E's corporate headquarters (77 Beale Street, Room 3120, San Francisco, CA 94105), at any of our division offices, or at the San Francisco office of the CPUC.

The State, counties, and municipal corporations, and any other parties interested in the above-mentioned filing can obtain a copy of Application No. 99-03-014 and related exhibits upon request to Gail L. Slocum, Pacific Gas and Electric Company, P.O. Box 7442, San Francisco, CA 94120.

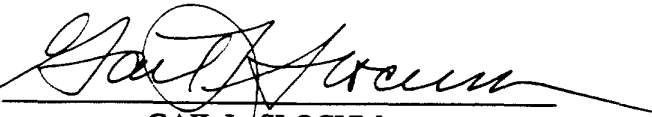
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This notice is given in accordance with the requirements of Rule 24 of the CPUC's Rules of Practice and Procedure.

PACIFIC GAS AND ELECTRIC COMPANY

By: 
GAIL L. SLOCUM